

Nichola L. Timmons (NY Bar #2954774)
 (timmonsn@sec.gov)
 David J. Gottesman (gottesmand@sec.gov)
 Frederick L. Block (blockf@sec.gov)
 Robert A. Cohen (cohenr@sec.gov)
 Melissa R. Hodgman (hodgmanm@sec.gov)

Attorneys for Plaintiff
 SECURITIES AND EXCHANGE COMMISSION
 100 F Street, N.E.
 Washington, DC 20549-4030
 Telephone: (202) 551-4456 (Timmons)
 Facsimile: (703) 813-9730 (Timmons)

UNITED STATES DISTRICT COURT
 FOR THE NORTHERN DISTRICT OF CALIFORNIA
 SAN FRANCISCO DIVISION

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SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	Case No. C 11-00136 (WHA)
v.)	
)	PLAINTIFF SECURITIES AND
CHARLES SCHWAB INVESTMENT MANAGEMENT,)	EXCHANGE COMMISSION'S
CHARLES SCHWAB & CO., INC., and)	EX PARTE MOTION FOR
SCHWAB INVESTMENTS)	ADMINISTRATIVE RELIEF
)	
Defendants.)	
)	
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In accordance with Civil Local Rule 7-11 of the Northern District of California, plaintiff Securities and Exchange Commission ("Commission") submits this Ex Parte Motion for Administrative Relief to obtain an order for the Clerk of the Court to disburse funds on deposit with the registry of the Court to pay certain tax obligations in this case.

By consent of the defendants and stipulation of the parties, the Court entered a Final Judgment against defendants Charles Schwab Investment Management ("CSIM"), Charles Schwab &

1 Co., Inc. (“CS&Co.”), and Schwab Investments on February 16, 2011. Pursuant to the Final
2 Judgment, CSIM and CS&Co. have paid a total of \$110 million to the Clerk of this Court (the
3 “Distribution Fund”). These payments include \$57,327,149 in penalties, \$34,672,851 in
4 disgorgement and prejudgment interest, and an additional payment of \$18 million. The additional
5 payment represented settlement of a related proceeding brought by the Financial Industry Regulatory
6 Authority (“FINRA”), and in which FINRA consented to payment of the settlement amount into the
7 Distribution Fund. The Distribution Fund was thereafter deposited in an interest bearing account,
8 account number 11-cv-00136, under the case name designation “*SEC v. Charles Schwab Investment*
9 *Management, et al.*” and constitutes a Qualified Settlement Fund (QSF) under section 468B(g) of the
10 Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1
11 through 1.468B-5.
12

13 By order dated March 8, 2011, the Court entered an order appointing Damasco & Associates
14 to fulfill the tax obligations of the Distribution Fund. Pursuant to that Order, the Tax Administrator
15 is required to pay taxes in a manner consistent with treatment of the Distribution Fund as a QSF.
16

17 The Tax Administrator has determined that the Distribution Fund owes \$2,170 in tax liability
18 for 2012 and \$1,560 in estimated tax liability for the second quarter of 2013, for a total of \$3,730.
19 See Declaration of Nichola L. Timmons in Support of Plaintiff Securities and Exchange
20 Commission’s Ex Parte Motion for Administrative Relief, ¶11 filed separately.
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1 WHEREFORE, for all the foregoing reasons, the Commission respectfully requests that this
2 Court enter the attached proposed Order and grant such other relief as it deems just and proper.
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4 Dated: June 12, 2013

Respectfully submitted,

5 /s/ Nichola L. Timmons
6

7 Nichola L. Timmons (NY Bar #2954774)
8 Attorney for Plaintiff
9 SECURITIES AND EXCHANGE
10 COMMISSION
11 100 F Street, N.E.
12 Washington, D.C. 20549-5631
13 202-551-4456
14 703-813-9730 (fax)
15 Email: timmonsn@sec.gov
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